

Hamburg, with her purely metallic currency, did not escape the violence of the storm. The rate of discount reached nine per cent, and 145 failures occurred, with reported liabilities of 10,000,000.¹ An attempt was made to sustain credit by combination among the leading merchants, but it failed and resort was had to the government, which borrowed 10,000,000 marks from Austria for discounting commercial bills. The Norwegian and Danish governments were also obliged to contract loans for the benefit of the mercantile community, and in Sweden the National Bank was authorized to borrow abroad 12,000,000 rix dollars, to be apportioned among the different towns.² In Prussia the Jewish houses suffered more than the banks, and complaint was made that the substantial monopoly of the Bank of Prussia injured credit by the contraction of the volume of circulation. The laws against usury were suspended and the banks were authorized to discount paper secured by either raw materials or manufactured goods.

The Crisis of 1865-66.

The years following the outbreak of the American civil war were years of financial disturbance in both Europe and America, partly as the result of influences set in operation by the war, and partly as the result of independent influences whose effect was intensified by the operation of the others. Periods which witness the turning of business from its ordinary courses into new channels are always periods of uneasiness, of unusual risks and of speculative tendencies. This was the character of the entire period from 1861 to 1866. The great discoveries of gold which had lent their brilliant hue to the dreams of American business men before the crisis of 1857 began to have a more marked effect in Europe a few years later. Their effect was heightened by the fact that at the close of 1861 the banks and Treasury of the United States suspended specie payments and gold flowed

¹ Courtois, 235.

² Levi, 405.